



REPORT TO COUNCIL

City of Sacramento

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PUBLIC HEARING
June 13, 2006

Honorable Mayor and
 Members of the City Council

Subject: Adoption of the FY2006/07 Operating and Capital Budgets

Location/Council District: Citywide (All)

Recommendation:

This report transmits the FY2006/07 Operating Budget and Capital Budget for final adoption and reflects Intent Motions the Mayor and City Council have approved during the hearings on the Proposed Budget. Staff recommends that the City Council adopt the attached resolution to approve the FY2006/07 City of Sacramento Operating and Capital Budgets.

Contacts: Russ Fehr, Finance Director, 808-5832, Leyne Milstein, Budget Manager, 808-8491

Presenters: Russ Fehr, Leyne Milstein

Department: Finance

Division: Budget, Policy & Strategic Planning

Organization No: 1140

Description/Analysis:

Issue:

Proposed Budgets and Augmentations

The FY2006/07 Proposed Budget (Operating and Capital) and the 2006-2011 Capital Improvement Program (CIP) were released to the City Council on April 28, 2006, as required by City Charter. Over the past several weeks the Mayor and City Council have conducted the annual budget hearings. The Mayor and City Council have passed intent motions to approve all departmental budgets and the CIP. The FY2006/07 Proposed Operating Budget for the City of Sacramento totals \$849.7 million from all funding sources and 5,033 FTE. The General Fund portion of the Budget is \$390.4 million and 3,746 FTE. The Council also adopted

intent motions to augment the FY2006/07 Proposed Budget by \$10.4 million and 60.91 FTE (Exhibit 1).

Strategic Planning-Strategic Budgeting Adjustments

As part of the FY2006/07 budget process, the hearings have included presentations and proposals for funding on citywide priority programs and services that incorporate Council's recently adopted Strategic Planning - Strategic Budgeting approach. A summary of the budget modifications is included in Exhibit 2 and is summarized by each of the five strategic planning focus areas identified by Council, as follows:

1. Culture and Entertainment;
2. Economic Development;
3. Public Safety;
4. Safe and Affordable Housing; and
5. Sustainability and Livability.

Proposed Budget Adjustments and Technical Corrections

The attached Budget Resolution also includes adjustments to the Proposed Operating and Capital Improvement Budgets as detailed in Exhibit 3. These modifications reflect Mayor and City Council direction as well as technical adjustments necessary to implement the budget to reflect actual expenses and full-time equivalent (FTE) staff.

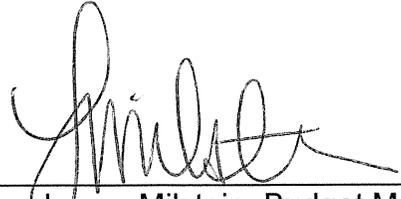
Policy Considerations: The FY2006/07 Proposed Budget reflects a fiscally responsible spending plan and is consistent with both the City Council's Strategic Planning – Strategic Budgeting model as well as the sustainable budget objectives and principles philosophy that Council has adopted.

Environmental Considerations: This report concerns administrative activities that will not have any significant effect on the environment, and that do not constitute a "project" as defined by the California Environmental Quality Act (CEQA) [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

Financial Considerations: The attached budget resolution includes Exhibits 1-5 that summarize the financial considerations for implementation of the FY2006/07 Budgets.

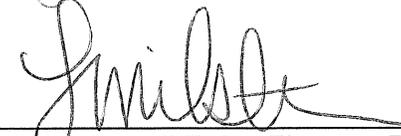
Emerging Small Business Development (ESBD): None.

Respectfully Submitted by:



Leyne Milstein, Budget Manager

Approved by:



Russell Fehr, Finance Director

Recommendation Approved:



Ray Kerridge
City Manager

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RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

APPROVING THE FISCAL YEAR 2006/07 OPERATING AND CAPITAL IMPROVEMENT BUDGETS FOR THE CITY OF SACRAMENTO

BACKGROUND

- A. The City of Sacramento through the leadership and direction of the Mayor and City Council has maintained a sustainable budget philosophy;
- B. The Mayor and City Council have implemented a strategic planning process for the City of Sacramento focusing on economic development, public safety, safe and affordable housing, sustainability and livability, and culture and entertainment which includes a plan for funding high priority operating and capital needs;
- C. The City Manager is required to present a balanced budget to the Mayor and City Council no less than 60 days prior to the end of each fiscal year pursuant to Article 9 Section 111 in the City of Sacramento Charter;
- D. On April 28, 2006, the City Manager released the FY2006/07 Proposed Operating Budget and the 2006-2011 Proposed Capital Improvement Program which includes the FY2006/07 Capital Improvement Program Budget for review and consideration; and
- E. During the months of May and June 2006, the Mayor and City Council conducted hearings related to the adoption of the City's FY2006/07 Operating and Capital Improvement Program Budgets.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- A. The FY2006/07 Operating Budget and Capital Improvement Program Budget, as defined in Section 2.1, are hereby approved (collectively, "the Approved Budget");
- B. The 2006-2011 Capital Improvement Program which provides a comprehensive five-year plan for capital project expenditures is hereby approved;
- C. Sections 1 through 16 below, which define the authority and responsibilities of the City Manager in implementing the Approved Budget, are hereby approved.

SECTION 1. SCOPE

- 1.1 This resolution defines the authority and responsibilities of the City Manager in implementing the Approved Budget of the City of Sacramento and supersedes Resolution 2005-487.

SECTION 2. DEFINITIONS

- 2.1 "Approved Budget" includes the following documents:
 - (1) The FY2006/07 Proposed Operating Budget dated May 1, 2006, as amended by the City Council and reflected in the summary of augmentations (Exhibit 1), the summary of changes to the proposed operating and capital improvement program budgets (Exhibit 3), as well as administrative and technical changes necessary to implement City Council direction (an Approved Operating Budget that incorporates into the Proposed Operating Budget the augmentations and changes set forth in Exhibits 1, 2, and 3, and other administrative and technical changes shall be prepared by the City Manager and be attached hereto as Exhibit 4); and
 - (2) The FY2006/07 Proposed Capital Improvement Budget dated May 1, 2006, as summarized in Schedule 4 of the FY2006/07 Approved Operating Budget and detailed in the 2006-2011 Capital Improvement Program (an Approved Capital Improvement Budget that incorporates into the Proposed Capital Improvement Budget the augmentations and changes set forth in Exhibits 1, 2, and 3, and other administrative and technical changes shall be prepared by the City Manager and be attached hereto as Exhibit 5).
- 2.2 "Current Year" means the FY2005/06 Approved Budget, incorporating any subsequent appropriation increases, decreases or transfers.
- 2.3 "Expenditure Class" means Employee Services, Other Services and Supplies, Equipment, Debt Service, Labor Offset, Transfers and Capital Improvements.
- 2.4 "Department" or "Agency" means: Mayor and City Council; City Manager; City Attorney; City Clerk; City Treasurer; Code Enforcement; Convention, Culture & Leisure; Development Services; Economic Development; Finance; Fire, General Services; Human Resources; Information Technology; Labor Relations; Neighborhood Services; Parks & Recreation; Planning; Police; Transportation; Utilities; Capital Improvement; Debt Service; Non-Department and Reserves.
- 2.5 "Division" means a sub-unit of a department.
- 2.6 "Activity" means a sub-unit of a division.
- 2.7 "Organization" means a sub-unit of a department, division or activity.

- 2.8 "City Manager" means the City Manager or, if so designated, the Director of Finance or the Budget Manager.
- 2.9 "Full Time Equivalent (FTE)" means the decimal equivalent of a position; i.e. one full time position is 1.00 FTE and one quarter-time position is 0.25 FTE.
- 2.10 "Base Budget" means the current year budget modified per labor agreements, one-time expenditures, citywide changes and midyear changes.

SECTION 3. AUTHORIZED STAFFING AND APPROPRIATIONS

- 3.1 The City Manager is authorized to make any expenditure and resource adjustments to the Approved Budget based on final City Council action to adopt the Budget.
- 3.2 The City Manager is authorized to establish the appropriations and FTE staffing as shown in Schedules 1A, 1B, 1C and fund summaries including transfers as shown on Schedule 2 as displayed in Exhibit 4.
- 3.3 The City Manager is authorized to revise any appropriation made in the Approved Budget where the revision is of a technical nature and is consistent with City Council intent.
- 3.4 During budget deliberation and following budget approval, the City Manager is authorized to adjust any appropriation made in the Approved Budget to reflect changes from amounts budgeted for updated labor, vehicle, energy, contingencies and risk management changes such as retirement rates, payroll taxes, health benefits, fleet costs and risk management costs from designated funds or reserves.
- 3.5 Following budget approval, the City Manager is authorized to revise indirect cost rates to be applied to hourly salary rates in order to achieve full cost recovery of services and is authorized to adjust the operating budget to reflect the indirect cost plan for FY2006/07.
- 3.6 Reclassification requests, as noted on Schedule 8 as displayed in Exhibit 4, require approval by the Human Resources Department in order for the new classification to be authorized.
- 3.7 Upon adoption by the City Council of a 911 Emergency Communication System Fee, the budget reductions for the Police Department and Fire Department included in the FY2006/07 Budget shall be restored to the level supported through the fee.

SECTION 4. APPROPRIATION INCREASES/DECREASES

- 4.1 All increases or decreases in excess of \$100,000 to operating and capital appropriations shall be approved by the City Council by resolution.

- 4.2 The City Manager is authorized upon completion of the audited financial statements for FY2005/06 to adjust FY2006/07 fund appropriations by the amount of net changes in fund balance as determined by the City Council. These fund balance and appropriation changes will be included and addressed in the Midyear Financial Report.
- 4.3 Residual balances from unexpended debt proceeds will be reverted to the appropriate fund and utilized for the legal purposes as specified in the conditions of the "debt issuance." The City Manager is authorized to establish appropriations and account for the expenditure of these unexpended proceeds.

SECTION 5. STAFFING INCREASES/DECREASES

- 5.1 Any increase or decrease, by department by fund, in FTE as authorized in the Approved or Amended Budget for a department must be approved by the City Council, except for renewals or expansion of fully offset grants noted in Section 5.2 below.
- 5.2 Any existing positions which were approved on the basis of the City receiving a grant or other reimbursements must have continued funding verified prior to filling the position. The City Manager is authorized to adjust staffing levels and associated service and supplies for renewals or expansions of fully offset grants. Grant funded positions shall be terminated upon completion or cancellation of the grant unless specifically continued by resolution including a source of replacement funding.
- 5.3 Any exempt management position adjustment made subject to the approval of the City Manager and subject to the Personnel Resolution covering Unrepresented Officers and Employees approved by City Council must have funding verified by the Budget Office prior to implementation.
- 5.4 Any reassignment of authorized FTE and employee services funding associated with these FTE within a department and within the same fund may be made at the discretion of the department head with the approval of the City Manager as long as there is no net change to authorized FTE and funding levels.
- 5.5 All new positions or job reclassifications are subject to classification review and approval by the Human Resources Director.
- 5.6 The City Manager has authority to add FTE to deliver the Community Reinvestment Capital Improvement Program (CRCIP) projects. All FTE shall be added only for the duration of the specific CRCIP projects (approximately 1-3 years) and will not result in a net change to funding levels.
- 5.7 The City Manager has authority to adjust staffing levels in the Police and Fire Training Academies based on projected vacancies.

SECTION 6. APPROPRIATION TRANSFERS FROM CONTINGENCY/RESERVE FUNDS

- 6.1 The General Fund Reserve for the City of Sacramento is \$30 million. This reserve will be maintained for the purpose of absorbing unforeseen revenue losses and allowing continuation of Approved Budget program levels.
- 6.2 The City Manager is authorized to increase or decrease operating budget appropriations up to \$100,000. Operating budget appropriation increases and decreases in excess of \$100,000 must be approved by City Council, except for payments to employees for vacation and sick leave termination, which may be approved by the City Manager.
- 6.3 The City Manager is authorized to transfer appropriations up to \$100,000 per transaction for operating departments from contingency reserve and/or fund balance.
- 6.4 No Reserve transfer shall be made from any fund, which would create a negative undesignated fund balance in the fund, or in the case of the General Fund, in the Administrative Contingency.

SECTION 7. OTHER APPROPRIATION TRANSFERS

- 7.1 Operating appropriation transfers within the same department and the same fund must be approved by the City Manager.
- 7.2 Appropriation transfers between two or more departments up to and including \$100,000 may be approved by the City Manager or the Manager's designee. Such transfers in excess of \$100,000 shall be approved by the City Council by resolution.

SECTION 8. UNSPENT APPROPRIATIONS AND ENCUMBRANCES

- 8.1 All appropriations in the operating budget, which remain unencumbered or unexpended on June 30, 2006, after adjustments resulting from Section 4.2, 4.3 and 10.2 or as specifically provided for in Section 16, shall revert to the fund balance of the respective funds.
- 8.2 The Director of Finance has the authority to establish an operating organization for the Ethel McLeod Hart Trust Fund with revenues and expenditures as recommended by the Ethel MacLeod Hart Advisory Committee. Every five years, the Director of Finance is authorized to increase revenue and expenditure authority pursuant to the recommendation of the Ethel MacLeod Hart Advisory Committee. All unobligated appropriations and interest earned in the prior year are to be carried over to the next fiscal year.
- 8.3 All purchase order commitments outstanding on June 30, 2006 and associated appropriations are hereby continued.

- 8.4 Unobligated appropriations in existence on June 30, 2006 for the Inclusionary Housing Program, Infill Program and the Economic Development Assistance Program shall be continued in FY2006/07.
- 8.5 Unobligated appropriations in existence on June 30, 2006 for fleet purchasing budgets (object codes 4236/4632) shall be carried forward into the next fiscal year for the purchasing of fleet equipment authorized but not yet purchased/received.
- 8.6 Unobligated appropriations in existence on June 30, 2006 for department carryover (object code 4995) released in FY2005/06 shall be carried forward into the next fiscal year until stated purposes have been achieved, provided departments have available resources at the close of FY2005/06 to cover this carryover appropriation.

SECTION 9. FY2005/06 REVENUE BUDGET

- 9.1 The FY2006/07 Revenue Budget is summarized in Schedule 6 as displayed in Exhibit 4.
- 9.2 Any increase or decrease greater than \$100,000 to the adopted revenue budget by fund requires City Council approval.
- 9.3 The City Manager is authorized to adjust revenues for renewals and augmentations of fully offset grants.

SECTION 10. CAPITAL IMPROVEMENTS

- 10.1 All multi-year capital improvement projects in existence on June 30, 2006 shall be continued in FY2006/07 except as provided in Section 10.8. The FY2006/07 Capital Improvement Budget is summarized on Schedules 2 and 4 as displayed in Exhibit 4.
- 10.2 Each fiscal year, at June 30, the balance of each capital improvement project must be zero or have a positive balance by fund. Projects in excess of the budget from all funding sources by \$100,000 or less shall, first, be corrected within each fund and, second, be corrected by a transfer from the operating budget organization of the project manager.
 - (1) All transfers of \$100,000 or less shall be made as provided for in Section 6.2.
 - (2) Projects in excess of budget from all funding sources by more than \$100,000 shall be submitted to City Council for approval of a corrective plan of action.
- 10.3 The establishment of a capital improvement project requires City Council approval. The only exception is for projects that have been approved in the Sacramento Housing and Redevelopment Agency's (SHRA) annual budget and are subject to the provisions of the Master Project Agreement between the City and SHRA as adopted by the City Council on December 18, 2001 (Resolution 2001-828). Capital projects may be subdivided for administrative convenience into separate sub-projects without

further City Council action. The cancellation (without completion) of a capital project must also be approved by the City Council.

10.4 Except in the General Fund, the City Manager is authorized to transfer appropriations totaling \$100,000:

- (1) From Project A to Project B if:
 - (a) Project A is completed and has savings; or
 - (b) Project A is not completed and a revised project estimate confirms that there will be project savings upon completion.
- (2) Between funding sources within a project if the total appropriation remains unchanged.
- (3) The City Manager is authorized to increase or decrease project budget appropriations by not more than \$100,000 for each project. Transfers that exceed \$100,000 in total for any project shall be submitted to City Council for approval.

10.5 Except as provided for in Section 10.8, upon completion and closure of a capital project, the City Manager is authorized to transfer any remaining project balance to:

- (1) Administrative contingency and/or fund balance; or
- (2) As provided for in Section 10.4.

Fund balance for the Utilities Program capital projects is equivalent to the capital projects base reserve for each fund.

10.6 Capital appropriations shall be used solely for repairs, maintenance, improvements or acquisitions with a total cost of at least \$20,000.

10.7 Capital appropriations shall be used solely for the originally approved project or projects except as provided for in this section. Annually, completed or inactive projects will be closed except due to payment disputes. An inactive project is defined as one where transaction activity is less than \$1,000 over the prior three years. Closures are the responsibility of the designated project manager. The managing department and/or City Manager have the authority to process the necessary documentation to close inactive projects.

10.8 Unencumbered appropriations for all inactive projects as defined in Section 10.7 above will expire on June 30 following the third full year of the last appropriation to the project. Subject projects requiring continuing appropriations will require City Council action through programming within the CIP or through a separate appropriation to the project.

10.9 Measure A Sales Tax (Fund 201) expenditure and revenue budgets can be loaded into the City's financial system prior to Sacramento Transportation Authority (STA) Board approval. Work on capital projects in this fund is done prior to receiving funding; project funding/ appropriation shall be as follows:

- (1) The City Manager is authorized to enter the revenue/expenditure budgets as reflected in the Approved Budget (revenues) and Capital Improvement Budget (expenditures).
- (2) STA Board approval is required for all Measure A reallocations. In cases where the City Council takes action on recommended Measure A reallocations prior to STA Board action, City Council approval shall be contingent on STA Board approval.
- (3) The City Manager is authorized to enter expenditure/revenue budget prior to STA Board approval.

10.10 Projects funded by the following reimbursable funds: Grant Funds (Funds 248, 511, and 512), SHRA Community Development Block Grants (Fund 205) and Tax Increment (Fund 206) are included within the Operating and Capital Budgets for planning purposes. Work on capital projects funded by these sources is done prior to receiving funding and project funding/authorization for these projects shall be as follows:

- (1) Funds 205, 206, 248, 511 and 512: Expenditure and revenue budgets will not be loaded into the City's financial system until actual agreements (Program Supplements/E-76's, Individual Project Agreements/IPA, Cooperative Agreements, etc.) have been entered into between the City and the funding authority.
- (2) Funds 511 and 512: The City of Sacramento is eligible to receive Federal and/or State funding for certain transportation projects through the California Department of Transportation (Caltrans). Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements and/or Fund Transfer Agreements need to be executed with Caltrans before such funds can be claimed. The Mayor and/or City Manager are authorized to execute all Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements, Fund Transfer Agreements and any amendments thereto with Caltrans.

The City Manager is authorized to transfer match funds as specified in the approved CIP from the State and Federal Grant Match Program (TX01) and to enter the revenue/expenditure budgets as reflected in the grant agreement, provided that the amount is not more than \$100,000 different from what was reflected in the Approved CIP which authorized the project funding. Project agreements more than \$100,000 different from the anticipated budget shall be submitted to the City Council for approval of a budget augmentation.

- 10.11 The Capital Budget has been amended over the past few years to include "Credit Projects." Credit projects are established to account for turnkey parks, infrastructure and other improvements provided by a developer in exchange for City fee credits. Effective with the 2003-2007 Approved CIP these projects have been identified by using an alpha-numeric alpha-numeric project number. In an effort to provide for a more accurate reflection of proposed spending by fund, these projects are reflected in the CIP as funded by Developer Credit/Obligations (Fund 999). At the time these improvements are accepted by the City of Sacramento the projects and related appropriations will be recorded in the appropriate City fund.
- 10.12 Community/Neighborhood projects and appropriations established with one-time funding sources under Resolution 2000-682 (11/21/00), 2001-765 (11/20/01), 2003-412 (6/17/03), 2004-551 (6/29/04) and associated staff reports are governed by the following procedures:
- (1) Savings of up to \$50,000 due to lower than expected costs or the securing of alternative funding sources can be administratively reprogrammed into other projects within the same City Council District, at the request of the City Council District Office and with the approval of the City Manager.
 - (2) Savings above \$50,000 to be reprogrammed requires City Council approval.
- 10.13 The CIP (Exhibit 5) includes projects that are directly supported by user and developer fees. The City Manager is authorized to adjust department revenue budgets and CIP expenditure budgets for projects directly supported by fees based on the actual fees collected less any operating costs associated with delivering the service.

SECTION 11. OPERATING GRANTS AND EXTERNALLY FUNDED PROGRAMS

- 11.1 All operating grants/externally funded programs over \$100,000 shall be approved by the City Council.
- 11.2 All operating grants/externally funded programs under \$100,000 shall be approved by the City Council if:
- (1) Any increase or decrease, by department by fund, in FTE staffing levels as authorized in the Approved or Amended Budget is requested; or
 - (2) Matching funds from City resources are required; or
 - (3) Accepting the grant/externally funded program creates an expectation for ongoing service or funding by the City.
 - (4) However, as noted at Section 5.2, the City Manager is authorized to adjust staffing levels and associated service and supplies for renewals or expansions of fully offset grants previously approved by City Council.

- 11.3 If the grantor for a grant/externally funded program requires City Council action, then the grant/externally funded program shall require approval by City Council regardless of the grant amount.
- 11.4 Operating grants/externally funded programs appropriated in the Approved Budget do not require additional City Council approval to be expended upon receipt of such grants or funds for externally funded programs.
- 11.5 All multi-year operating grant/externally funded program budgets in existence on June 30, 2006 shall be continued in FY2006/07.

SECTION 12. CONTINGENCY LITIGATION/PROPERTY MITIGATION RESERVE

- 12.1 The Contingent Litigation/Property Mitigation Reserve is maintained annually to cover potential costs associated with outstanding litigation or property mitigation. Transfers from this Reserve to the operating budget may be approved by the City Manager.

SECTION 13. IN-LIEU PROPERTY TAXES AND IN-LIEU FRANCHISE FEE

- 13.1 An in-lieu property tax and in-lieu franchise fee are hereby imposed on the Community Center, Parking and Sacramento Marina funds in the amounts provided in Schedule 3 as displayed in Exhibit 4. The City Council finds that the in-lieu property tax as detailed in Schedule 3 represents the property tax revenue, which would be received by the General Fund if the real and personal property owned by these enterprises were taxable under private ownership. The in-lieu franchise fee as detailed on Schedule 3 represents the franchise fees, which would be received by the City from private entities as a rental or a toll for the use of City streets and rights of way.

SECTION 14. APPROPRIATION LIMITS

- 14.1 The appropriation limit and the appropriations subject to the limit are hereby amended pursuant to Article XIIB of the California Constitution for FY2006/07 as detailed in Schedule 5 as displayed in Exhibit 4.

SECTION 15. MIDYEAR FINANCIAL REPORT

- 15.1 The City Council shall be provided a Midyear Financial Report including a revised estimate of the financial condition of all funds, prior year actual fund balances, revised estimated revenues and expenditures, projected ending fund balances or deficits, and recommendations for eliminating any projected fund deficits.
- 15.2 The City Council shall act on any projected fund deficits prior to the close of the Fiscal Year.

SECTION 16. MISCELLANEOUS CONTROLS/CONSIDERATIONS

- 16.1 No expenditures at the department level shall exceed the Approved or Amended Budget, by fund.
- 16.2 Subject to approval by the City Manager and pursuant to the sections governing transfers and appropriations, projected deficiencies in any department by fund must be corrected by:
 - (1) Reducing expenditures in said department (i.e. freezing vacant positions, restricting purchase orders, etc.); or
 - (2) An appropriation transfer from administrative contingency and/or fund balance subject to the provisions of Section 6.
- 16.3 The City Manager is authorized to:
 - (1) Adjust budgets to reflect all required debt service payments per the official statements;
 - (2) Adjust budgets in the Special Revenue funds for appropriations required based on the action/direction of the City Council relative to capital projects, transfer requirements and the availability of funds;
 - (3) Adjust budgets in the Capital Project funds for the current year based on previous actions of City Council for projects on a multi-year basis; and
 - (4) Adjust budgets in the Multi-Year Non-Capital Project Agency for the current year based on the previous action of City Council for programming on a multi-year basis.
- 16.4 In all staff reports that come before the City Council, net budgetary impacts on all funds will be stated clearly and concisely including indirect impacts so that the Councilmembers have a full understanding of the financial considerations and impacts of the decisions.

MAYOR

ATTEST:

CITY CLERK

Exhibits

- Exhibit 1 FY2006/07 Operating Budget Augmentations
- Exhibit 2 Summary of Strategic Planning/Strategic Budgeting Focus Area Augmentations
- Exhibit 3 FY2006/07 Summary of Changes and Technical Adjustments to the Proposed Operating & CIP Budgets
- Exhibit 4 FY2006/07 Approved Operating Budget
- Exhibit 5 2006-2011 Approved Capital Improvement Program (CIP)

EXHIBIT 1

FY2006/07 OPERATING BUDGET AUGMENTATIONS

High Priority General Fund

Department	Net Cost	FTE	Description
Information Technology	88,000	1.0	Citywide IT Support
Labor Relations	112,040	1.0	Investigator
Police	475,775	2.0	Deputy Chief and Captain and equipment
Subtotal General Fund	675,815	4.0	

General Fund, Fee Supported or Cost Offset

Department	Net Cost	FTE	Description
Code Enforcement	265,000	3.0	Rental Housing Inspection Program
Convention, Culture & Leisure	201,667	1.0	Various Programs Support
Development Services	246,000	2.0	Facility Permit Program
Fire	5,926,725	27.0	Various Programs Support
General Services	337,614	4.0	Various Programs Support
Parks and Recreation	296,805	4.91	Various Programs Support
Police	755,628	4.0	Technology Support
Transportation	412,409	5.0	Various Programs Support
Subtotal General Fund Offsets	8,441,848	50.91	

Enterprise Funds

Department	Augmentation	FTE	Description
Utilities	1,323,159	6.0	Infrastructure Maintenance and Water Meter Retrofit
Subtotal Enterprise Funds	1,323,159	6.0	

Grand Total	10,440,822	60.91	
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**Summary of Strategic Planning-Strategic Budgeting Focus Area
Augmentations**

EXHIBIT 2

PRIORITY PROJECTS	\$7.5 Growth Initiatives		\$3.0 Economic Development	Other Resources	FTE
	One-Time Target \$3.633m	On-Going Target \$1.274m			
<u>Sustainability and Livability</u>					
Sustainability Plan	\$150,000				0.00
Graffiti Abatement		\$175,000			1.00
Weed Abatement Program Expansion			\$161,000		0.00
<u>Safe and Affordable Housing</u>					
Housing Element	\$200,000		"defer to Council Workshop"		0.00
General Plan Update - Innovative Housing	\$450,000		"defer to Council Workshop"		0.00
Updated Zoning Codes	\$10,000	\$151,000			2.00
Homelessness Leadership Group			\$98,500		0.00
<u>Economic Development</u>					
Economic Development Program			"defer to Council Workshop"		0.00
<u>Culture and Entertainment</u>					
Facility Study	\$60,000				0.00
Archives and Museum Collections	\$163,000	\$172,000			2.00
<u>Public Safety</u>					
Evacuation/Shelter Plan	\$100,000	\$50,000			0.50
Recover and Continuity Plan	\$100,000	\$50,000			0.50
Disaster Preparedness Booklets	\$125,000				0.00
Backup Generator for Data Center	\$275,000				0.00
<u>City Manager - High Priority Initiatives</u>					
Information Technology		\$88,000			1.00
Labor Relations		\$112,040			1.00
Police		\$475,775			2.00
Subtotal:	\$1,633,000	\$1,273,815	\$0	\$259,500	10.00

Remaining Funding: \$2,000,000 \$0

EXHIBIT 3

**SUMMARY OF CHANGES AND TECHNICAL ADJUSTMENTS TO THE
FY2006/07 PROPOSED OPERATING AND CIP BUDGETS**

FY 2006/07 OPERATING BUDGET TECHNICAL ADJUSTMENTS

Department	Fund	FTE	Net \$ Change	Description
Utilities	415	-	328,027	Correct transfer of Solid Waste debt service from General Services Department to Utilities Department
Utilities	415	-	-	Reclass Solid Waste debt service from service & supplies – rental property (object code 4231) to debt service budget line (object code 4389) in the amount of \$219,587 (net effect is zero)
Utilities	277	-	25,690	Eliminate transfer offset
Utilities	279	-	(25,690)	Eliminate transfer offset
Information Technology/CCL	101	-	-	Correct CIP and labor offsets

FY 2006/07 OPERATING BUDGET ADJUSTMENTS

Department	Fund	FTE	Net \$ Change	Description
Utilities	414	-	332,147	Adjust for Sewer fleet replacement vehicles
Utilities	415	-	976,616	Adjust for Solid Waste replacement vehicles
Utilities	425	-	695,162	Adjust for Storm Drainage replacement vehicles
Utilities	415	(1.0)	(60,000)	Transfer vacant Sanitation Worker position from Org 3371 (415) to Org 3311 (413)
Utilities	413	1.0	60,000	Transfer vacant Sanitation Worker position from Org 3371 (415) to Org 3311 (413)
Utilities	413	-	-	Transfer Program Analyst position from Org 3311 to Org 3352
Fire	101	-	-	Release FTE for Fitness Coordinator – convert contract costs from service and supplies to labor
Parks and Recreation	101	1.0	-	City provides FTE that will be fully funded by SAFCA to work with SAFCA on flood control issues
Development Services	101	4.0	-	Add 4.0 FTE (Org 4881 – Customer Service Assistants) – convert contract costs from service and supplies to labor

EXHIBIT 3 (cont'd)

**SUMMARY OF CHANGES TO THE
FY2006/07 PROPOSED OPERATING AND CIP BUDGETS**

FY 2006/07 CAPITAL IMPROVEMENT PROGRAM BUDGET ADJUSTMENTS

Department	Fund	FTE	Net \$ Change	Description
Utilities	414	-	(330,000)	Reduce funding in XI91 Pipe Rehab 2007
Utilities	414	-	(135,000)	Reduce funding in XN53 Capitol/ L Alley 18 th
Utilities	414	-	(135,000)	Reduce funding in XN57 I/J Alley Sewer, 16 th

Proposed Resolution Section 8 has been modified to separate fleet carryovers from general department carryovers, as follows:

8.5 Unobligated appropriations in existence on June 30, 2006 for fleet purchasing budgets (object codes 4236/4632) shall be carried forward into the next fiscal year for the purchasing of fleet equipment authorized but not yet purchased/received.

8.6 Unobligated appropriations in existence on June 30, 2006 for department carryover (object code 4995) released in FY2005/06 shall be carried forward into the next fiscal year until stated purposes have been achieved, provided departments have available resources at the close of FY2005/06 to cover this carryover appropriation.

FY2006/07 SCHEDULE 8 RECLASSIFICATION ADJUSTMENTS

All Requests are Subject to HR Approval

Org. #	Budgeted Classification	Proposed Reclassification	FTE
Parks and Recreation			
4724	School Crossing Guard	Special Program Leader	0.66
Transportation			
3437	Construction Inspector III	Engineering Technician III	1.00
3439	Engineering Technician III	Associate Engineer	1.00
3439	Program Specialist	Senior Engineer	1.00
Utilities			
3311	Sanitation Worker II	Program Specialist	1.00 a

a - The proposed reclassification results in a change from a represented position to an unrepresented position.

Text changes to the FY2006/07 Proposed Operating Budget and the 2006-2011 Proposed Capital Improvement Program will be incorporated to reflect the actions listed above as well as to correct formatting, updated contact information and other items that do not result in financial impacts.

EXHIBIT 4

FY2006/07 Approved Operating Budget

Insert

FY2006/07 Approved Operating Budget

EXHIBIT 5

2006-2011 Capital Improvement Program (CIP)

Insert

Approved 2006-2011 Capital Improvement Program